

**SB 307-Recognizing Tribally Organized Business Entities**64<sup>th</sup> Session of the Montana Legislature

Winter 2015

**Executive Summary**

One of the goals of the Main Street Montana Project was to remove existing barriers to make economic development and business development easier for Montanans. Through facilitated discussions with each tribal community during the summer of 2014, the Main Street Montana Project-Indian Country team uncovered an issue pertaining to both Native American businesses' challenge of accessing commercial lending and recognizing tribal business incorporation codes in Montana law. Tribal member owned businesses incorporated under tribal law are not recognized by the State of Montana like other states and countries are recognized. Without this recognition, tribal member owned businesses cannot receive a certificate of authority to transact business off the reservation from the State of Montana. This is required by lenders for a business loan. This makes accessing commercial lending increasingly challenging for tribal member owned businesses and further stagnates economic and business development in Indian Country. SB 307 will revise recognition of foreign business entities to include tribal member owned businesses formed under laws of a federally recognized Indian tribe. This will remove current barriers tribal businesses face when attempting to access commercial lending.

**Solution**

SB 307 focuses on language in Section 35-MCA which denotes laws regarding the recognition of foreign entities operating in the State of Montana. Foreign entities are businesses incorporated under laws from jurisdictions other than the State of Montana. Business incorporation structures include foreign corporations, foreign professional corporations, foreign limited partnership, foreign professional limited liability corporation and foreign non-profit corporation. By updating Section 35-MCA to include tribes, tribal member owned businesses incorporated under tribal law will be considered foreign business entities and will follow laws promulgated in Section 35-MCA.

**Outcomes**

The following positive outcomes will result from the minor adjustment in Section 35-MCA:

- Remove existing barriers and ease hesitancy between tribal member owned businesses and lending institutions
- Increase the volume of business loans made in Indian Country to support economic development
- Create a stronger business community and larger reservation and Montana economies producing additional state revenues
- Increase job opportunities in new or expanding tribal member owned businesses